

## Tax Rates

### Cigarette Tax

\$1.53 per pack for 20-stick packs

\$1.92 per pack for 25-stick packs

### Other Tobacco Products Tax

35% of the wholesale purchase price

### State & Local Sales Tax

Retail sales of cigarettes and other tobacco products are subject to the 4% state sales tax rate plus the municipal general rate in addition to any cigarette or tobacco tax.

## Pricing

State law sets a minimum price for cigarette sales. Generally, the minimum price is the price the retailer paid the wholesaler plus 8%.

## Fire-safe cigarettes

All cigarettes sold in the state must be certified fire-standard compliant by the State Fire Marshall's Office. These cigarettes will have "FSC" printed on the package near the barcode.

## Packaging

Cigarettes must be sold in the manufacturer's unopened package of 20 or 25. Cigarettes may not be sold individually, i.e. by the single stick.

## Age Requirements

The minimum age to purchase or use tobacco products is 18. There is no state law regarding the minimum age a clerk must be in order to sell tobacco products.

## Definitions

### Other Tobacco Products (OTP)

All tobacco products, except cigarettes.

### Roll-Your-Own (RYO)

Loose-leaf tobacco used to make your own cigarettes. RYO is an Other Tobacco Product for taxation purposes.

However, for the reporting requirements of the Master Settlement Agreement, it is considered a cigarette.

### Master Settlement Agreement (MSA)

This is the agreement that resolved the lawsuits between many states and the largest tobacco companies. The companies agreed to pay all of the settling states money every year to compensate the state for tobacco related illnesses.

### Non-Participating Manufacturer (NPM)

This is a company that did not participate in the MSA. These companies are required to place money into an escrow account for each pack of cigarettes and each ounce of RYO that they sell. The money will be used to ensure payment of future claims for damages, and ensures the NPMs do not have an unfair competitive advantage over the PMs.

### Participating Manufacturer (PM)

One of the companies that settled the claims against it, and agreed to pay the states yearly damages as well as abide by certain market restrictions.

### Fire-Standard Compliant (FSC)

Cigarettes tested that meet established standards for reduced ignition propensity.

Information for

## Cigarette & Tobacco Retailers

The Department of Revenue is responsible for collecting the cigarette excise tax, the other tobacco products tax, and regulating brands of cigarettes and roll-your-own sold in South Dakota.



### Department of Revenue

Division of Special Taxes  
445 E. Capitol Ave.  
Pierre, SD 57501  
Phone (605) 773-3311  
Fax (605) 773-6729  
[www.state.sd.us/drr2/prospectax](http://www.state.sd.us/drr2/prospectax)

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### Cigarette & Tobacco Retailers

Businesses that sell cigarettes and other tobacco products at retail must:

- Be **registered** with the Department of Revenue.
- Sell only **certified brands** of cigarettes and roll-your-own (RYO).
- Ensure every pack of cigarettes offered for sale is stamped with the South Dakota **tax stamp**.
- Purchase tobacco products from **distributors and wholesalers** licensed by the State of South Dakota and maintain records to show this.
- Not ship cigarettes or tobacco products **direct to consumers** in this state.
- Follow **minimum pricing** guidelines.
- Only sell cigarettes in the manufacturer's unopened **package**.
- Not sell tobacco products to anyone **under 18**.

### Registration

Each location selling cigarettes/tobacco needs to be registered with the Department. There is no fee, no extra taxes, and no extra filing or reporting requirements for this registration. The registration works in conjunction with your sales tax license. If your business ceases selling tobacco products, contact the Department at 605-773-7804.

### Certified Brands

Following the signing of the Master Settlement Agreement, the State of South Dakota enacted statutes requiring tobacco manufacturers to annually certify their brands of cigarettes and RYO to sell in this state. The Department maintains a directory of certified cigarette and RYO brands on its website. Only certified brands of cigarettes and RYO can be sold in this state. Any brands not on the certified tobacco brands directory will be seized.

### South Dakota Tax Stamp

South Dakota uses a heat-applied tax stamp. The stamp contains the words "South Dakota", a serial number, and specifies either 20 or 25 cigarettes. Currently the tax stamps are purple for 20-stick packs, and pink for 25-stick packs. These stamps have invisible security features which can be verified with special scanning equipment.

Licensed distributors purchase and affix the South Dakota tax stamp to each pack of cigarettes they sell into this state. The stamp is proof the tax has been paid. Packs without a South Dakota tax stamp, or that have another state's tax stamp, will be seized. Before shelving packs of cigarettes for sale, check the bottom of the packs to be certain they bear the SD tax stamp. If they do not, return them to your supplier; DO NOT sell them.

### Purchase from Licensed Distributor or Wholesaler

State law requires retailers to purchase tobacco products only from distributors and wholesalers licensed by the State of South Dakota. This ensures the tobacco taxes are paid and the NPM sales reported.

You are required to have documentation available showing you purchased all of your tobacco products from a licensed wholesaler or distributor. If not kept on the premises, it must be made available to the Department within five business days.

### Delivery Sales Prohibited

A person or business that sells or distributes cigarettes or tobacco products is prohibited from engaging in sales direct to consumers via e-mail, phone, fax, U.S. mail, the internet etc.

### RYO Machines

Effective July 1, 2012, any person that maintains or provides a machine at a retail establishment that enables any consumer to process tobacco or any product that is made or derived from tobacco into a roll or tube is deemed to be a manufacturer of cigarettes under South Dakota state law, regardless of whether a fee is charged for the use of the machine or whether tobacco products are sold at the establishment. Compliance with statutes pertaining to cigarette taxation and regulation is required. Compliance with FSC laws is required by July 1, 2014.